

A Manual  
For  
The New Treasurer

From the Division of Cemeteries  
99 Washington Ave.  
Albany, NY 12231-0001

## **Dedication**

*This manual is dedicated to Michael Itzo, our former Assistant Director who lost a brave battle against cancer in 2001. Mr. Itzo was employed by the Division of Cemeteries for twenty-five years and will be fondly remembered for his dedicated service to the Cemetery Division and ceterierians across New York State.*

**Congratulations**, by accepting the position of treasurer you are providing a vital service to your community, cemetery lot owners and their families. This Manual will provide you with a basic outline of the rules, regulations and responsibilities for your new position as treasurer.

This manual is divided into three sections:

I) Bookkeeping system and reporting requirements

II) Principal rules and regulations

III) General advice

**Disclaimer:** This Manual provides the basic rules and responsibilities for the new treasurer. It is intended as a guide and is not an all-inclusive manual. To obtain further information please visit our web site at [www.dos.state.ny.us](http://www.dos.state.ny.us). A copy of the cemetery law Manual which can be downloaded free of charge, will provide a more complete set of rules and regulations.

### **I. Bookkeeping System**

A bookkeeping system should organize and record into accounts all financial transactions in a fiscal year. At the end of this report is a sample ledger for your convenience. A computer is not necessary (but preferable), as multi column ledger books can be purchased at any office supply store. You will notice that the headings (columns) correspond to the entries on the annual report. Each cemetery can customize its ledger to accommodate its particular needs. When devising a bookkeeping system try the following tips:

- Keep the system simple. Record the transactions you need to record in the period they occurred and in their proper account (see sample ledger). Too much detail can be just as disadvantageous as not enough.
- Try to run all transactions (receipts & disbursements) through your checkbook. The trail created will make reconciliation of accounts easier at year end.
- Try to enter transactions as soon as possible while they are still fresh in your mind. Delaying entry will force you to play “catch up,” increasing the possibility of errors or omissions.

## Receipts

- Try to deposit receipts from lot sales, burials, etc. as soon as possible into your checkbook. Delaying deposits can result in misplaced cash or checks.
- Deposit tickets should be detailed, listing the amount and brief description of each item being deposited. For example, you may deposit \$1,200 into your operating account on a particular date. However, this deposit may be composed of: \$400 lot sale, \$350 burial and \$450 donation.

### **EXAMPLE CEMETERY**

#### Income (Receipts)

Transaction	Date	Lot Sale	Interment Income	Foundations	Dividends & Interest	Donations	Other
P. Smith 2 lots	05/10/03	\$600.00					
Jones burial	05/10/03		\$500				
J. Rogers Gift	05/10/03					\$450.00	
CD # 100-200-035	06/21/03				\$32.58		

## Disbursements

In this section you should attempt to match income with the expenses that generated them. Most of the entries are self-explanatory, however keep in mind the following:

- Keep receipts and invoices from disbursements to provide documentation for expenses by the year in which they were incurred. Some cemeteries use a voucher system which provides the details of the transaction, with the corresponding receipt attached to the back. A voucher can also include a space for the initials of one or more officers to show that the payment has been properly authorized.
- There is an entry on the annual report for grave opening expenses. Match this expense against the income for interments. This will help you determine whether the margin between the price being charged and costs to provide this service is high enough. If the margin is too low, the cemetery is losing out on additional income. There have been cases where the cemetery is charging the same amount for a grave opening as they are receiving in fees. Remember, you must pay the \$5 vandalism fee and transfer \$35 per burial to the permanent maintenance fund from interment income.
- Transfers from lot sales and burial income are entered in this section. It is important that these transfers be made to insure the building up of trust funds for the future care and maintenance of the cemetery.

**EXAMPLE CEMETERY  
Expenses (Disbursements)**

Transaction	Date	Wages	Grave Opening	Officers Salaries	Supplies/ Repairs	Insurance	Other
Mowing	06/15/03	300					
Burial	06/21/03		325				
Gasoline	07/01/03				25		
Mower repair	07/15/03				125		
Insurance	08/01/03					100	
Stamps	08/05/03						5.25

Asset Statements

Keep separate folders for bank and brokerage statements (preferably a ringed binder), by fiscal year and account (general, permanent maintenance, etc.).

It's a good idea to identify accounts by their names on the actual statement. For example: if you have your permanent maintenance account at a bank or brokerage firm, have the name of your cemetery and account type (permanent maintenance, general, special trust) printed right at the top of the statement. For example:

Bank of America

Example Cemetery  
Permanent Maintenance Trust  
Account # 118-01234

Note: When listing assets on your annual report, remember the following requirements:

- List the assets by type, (checking, savings, mutual funds, etc.), account number and balance as of the end of your fiscal or calendar year.
- For securities (stocks, bonds, mutual funds), list assets at their cost basis and market values (For an explanation of *cost basis* refer to page nine of this manual).
- For certificates of deposit, be sure to include the current interest rate and maturity date.

## Filing your Annual Report

*Section 1508 Cemetery Law Manual:* Each cemetery corporation shall, on or before the thirty first day of March after the end of its calendar year, or if on a fiscal year the ninetieth day after the close of such year, file with the cemetery board (1) a statement as to the condition of the permanent maintenance trust fund and a schedule of the assets of such fund. (2) a statement as to the condition of the perpetual care fund and a schedule of the assets of such fund. (3) a statement as to the condition of the moneys and properties received by the cemetery corporation in trust under the provisions of subdivisions (f) and (g) of section fifteen hundred seven of this article. (4) a statement of the gross proceeds of the sale of plots, lots and parts thereof, graves, niches and crypts showing the disposition of such proceeds and (5) a statement of changes in the number and amount of certificates of indebtedness in accordance with the provisions of paragraph three of subdivision (a) of section fifteen hundred eleven of this article. (6) a statement as to the condition of the monument maintenance fund, if any, and a schedule of the assets of such fund.

### **OPERATING STATEMENT**

#### Receipts & Disbursements

*Accurate and timely filing of your annual report is a critical component of your responsibilities as treasurer.* Some smaller cemeteries may feel that their activity is so low (few lot sales or burials), and assets so minimal, that they do not need to file this document. **All New York State cemeteries that are regulated by New York State Division of Cemeteries must file an annual report.** If you are having difficulty completing this report, please call the Division of Cemeteries senior accountant who has responsibility for your cemetery for assistance. A list of Division accountants is provided at the end of this report. Another option is to have a local bookkeeping or accounting firm compile the report for you. Fees for these services are usually reasonable and are offered in most cities and towns.

For the most part, entries on the annual report are self-explanatory; however, from reviewing annual reports in the past, there are certain areas that may need further clarification.

#### **RECEIPTS:**

Operating Account Balance-Beginning: This entry should represent your checking account, or any other account that receives operating income and disburses expenses. As mentioned above, you should run all transactions through this account to provide a clear trail of receipts and disbursements and to make reconciliation of accounts at year end less difficult.

Dividends and Interest (deposited in reporting year): This entry is the amount of interest earned in the current fiscal year **and** transferred to the operating account (namely checking). If interest is earned in a trust account, permanent maintenance and or perpetual care, but not transferred to the general fund it is not entered here. Total interest and dividend income that is earned from **all accounts** is entered at the bottom of the annual report. This entry is frequently missing on annual reports but is a critical piece of information for assessing income.

#### **DISBURSEMENTS**

Employee Wages- Some cemeteries have employees that perform all the maintenance duties, i.e. mowing, grave openings these expenses would be recorded here.

Independent Contractor- Grave openings: Some cemeteries contract out just grave openings and have employees for maintenance. The grave opening expenses would be recorded here.

Contractor grave opening and maintenance and mowing. If the cemetery contracts out all maintenance, then those expenses would be recorded here.

Transfers to Operating account:

From Trust Funds-This is interest earned in previous periods and transferred to operating account. Additionally, it could be an approved trust fund loan from principal.

## **Cemetery Assets**

Cemetery assets can be divided into five categories. A brief explanation of the nature of each account and bookkeeping requirements are as follows:

- A) General Fund or Operating account.
- B) Permanent Maintenance trust
- C) Perpetual Care trust
- D) Special Trust
- E) Pre-Need

### **A) General Fund**

The General fund is your “day to day” operating account. This is the account from which you pay your bills and deposit receipts from operating activities. This should represent your checkbook or any other financial account that is not restricted or dedicated to the permanent maintenance, perpetual care or special trust.

### **B) Permanent Maintenance**

*“A cemeteries permanent maintenance account is its financial commitment to its future care. Over time, these funds must grow to meet the maintenance needs of the sold out cemetery. It is essential to collect enough money as sales are made and to invest the funds wisely, so the purchasing power will grow and keep pace with increases in maintenance expenses.”*

Reprinted from: A Cemetery should be forever, by John F. Llewellyn, page 269

This permanent maintenance account can be compared to an individual’s retirement fund. As an individual invests part of his/her income for the day when he/she will no longer be working, receipts from lot sales and burials are deposited into the permanent maintenance trust for the day when it no longer receives operating income. (Rules for deposit requirements below.) When there are no lots left for sale and no more burials can be performed, the income from this trust must maintain the cemetery essentially forever. *The importance of prudently managing this trust cannot be stressed*

*enough.* Making the required deposits and conservatively investing trust funds is vital to the future survival of the cemetery. The adequacy of the permanent maintenance account should be tested periodically to see if the balance is sufficient and on track. A good rule of thumb is to calculate the percentage of cemetery property already sold. Then take a risk-free rate of interest, (for example the historical average rate on a ten-year Treasury bond of 4.9%) and multiply this by your total permanent maintenance assets. This amount should cover maintenance cost in the same percentage of land sold. For example: if your yearly maintenance cost is \$10,000.00 and you have \$75,000.00 in your permanent maintenance trust (assuming prevailing interest rates are 4.9%).

<u>Land:</u>	10 acres	5 sold	50% sold	
<u>Total maintenance cost</u>	\$10,000.00	x 50%	=	\$5000.00
<u>Permanent maintenance</u>	\$75,000.00	x 4.9%	=	<u>\$3,675.00</u>
<i>Shortfall in income from Permanent Maintenance</i>				<b>(\$1,325.00)</b>

In this example, you would need \$102,040.00.00 (at a rate of 4.9%) in assets to generate \$5,000.00 in maintenance income. In this illustration it may be prudent to increase your allocation from lot sales from 10% to 20% or to make additional investments to the permanent maintenance fund when they become available.

#### Deposit requirements for Permanent Maintenance

For convenience, a savings account can be dedicated for the mandatory deposits which are required quarterly throughout the year. When this account reaches a certain point, it can be reinvested into a certificate of deposit or other financial instrument to obtain a higher return.

#### LOT SALES

A minimum of 10% of gross lot sales must be deposited to the permanent maintenance trust. The deposits must be made quarterly. **If cemetery finances allow, depositing more than the minimum 10% is encouraged.** Depositing more than the required 10% will help to ensure the future viability of the cemetery for years to come.

#### INTERMENTS

As of 01/01/01, \$35 per interment (and cremated remains) must be deposited into the permanent maintenance account. This can be done at the time of burial or at year end. If you do not have formal charges, the fee can sometimes be collected by the funeral home performing the burial or can be collected from the consumer. As with other service charges, this Administrative fee must first be submitted to the Division of Cemeteries for approval.

Permanent maintenance income and principal: Interest or dividends can be transferred to checking or other general account asset if needed for expenses. If not immediately needed, interest and or dividends can be reinvested to take advantage of the powerful effects of compounding. **The principal or restricted balance cannot be expended** (restricted balance explanation on following page) except upon application and approval by the Supreme Court in a district where the cemetery

grounds is located. If the court approves of an invasion of permanent maintenance principal, the court will likely order that the amount removed be repaid. The restricted balance can be found on the audit report received from the Cemetery Division's accountant. If the trust is invested in stocks, bonds or other marketable securities, realized capital gains must be reinvested and become part of the principal or restricted balance. Stocks, bonds and mutual funds in the permanent maintenance account must be listed on your annual report at cost and market value.

Cost Basis: The cost basis of a security is the original purchase price, increased by additional purchases or reinvested dividends and capital gains. For example:

<b>Transaction date</b>	<b>Cost</b>	<b># shares</b>	<b>Average cost / share</b>
Original purchase 2/98	\$2,500.	100	\$25
Additional Purchase 6/98	\$675	25	\$27
Reinvested dividend 12/98	\$350	10	\$35
<b>Total</b>	<b>\$3,525</b>	<b>135</b>	<b>\$26.11</b>

This method uses the most common way to determine the cost basis for mutual funds, called *weighted average*. Two other methods are specific identification and FIFO (First in -First Out). These two methods require additional bookkeeping requirements and may not afford any additional benefits to the cemetery.

Market Value: The *Market value* for these shares may be more or less than their cost basis. The market price is the dollar amount the security will bring if sold on the open market on a particular day. Many brokerage firms report both cost and market value on the statements they mail you. If your bank or brokerage firm does not present securities at cost, you can request that on future statements the *cost basis* be included to comply with reporting requirements. Comparing cost to market value will give you an idea of how your investments are faring. It answers the question, "How much do I have invested and how much is the security worth today?"

## RESTRICTED BALANCE

What exactly is the restricted balance or restricted liability? How does this figure compare to the amount listed under assets on the audit report? Attached are examples of two cemeteries. Example one has savings and certificates of deposit while example two has securities (stocks, bonds and mutual funds).

### **EXAMPLE 1 (Savings)**

In example 1 (page 17), the restricted balance is arrow A, in this case \$51,510.00. Your assets total \$62,600.00 leaving you with a surplus of \$11,090.00. This surplus may have been achieved by leaving interest to accumulate or by additions over and above the statutory requirements. This amount may be expended for general maintenance; however, it is strongly advised to allow the surplus to compound for future maintenance needs.



## **EXAMPLE 2 (Securities)**

In example 2 (page 18), the cemetery has an investment account with stocks, bonds and mutual funds. The restricted balance is once again arrow A \$52,085.00, assets total B \$55,100.00. Realized capital gains are added and capital losses are subtracted. Does this mean you have a surplus of \$3,015.00? Not necessarily. When securities are a portion of the permanent maintenance account, the distinction between restricted balance and asset total is somewhat complicated. Note that the asset balance is listed at cost; this is the actual amount you have invested in the account. However, the market value, or the amount you would be able to sell your securities for at the time of the audit is only \$48,900.00. In this case you do not have a surplus. Try to error on the side of conservatism when investing funds in the securities markets.

Note: If you're unsure whether you have a surplus or deficit, contact your Division's accountant.

### **Permanent Maintenance (PM) fund reconciliation**

#### **Explanation of entries 1-15**

- 1) PM Fund balance beginning-*If the cemetery's records have been properly maintained over the years, the permanent maintenance fund principal "beginning balance" should equal the total of the original balance plus:*

#### **ADDITIONS TO PM**

- a) All allocations from lot sales ever made
- b) All allocations from interments since 01/01/01, \$35 per burial
- c) Volunteer additional deposits.
- d) Plus, all realized capital gains from securities ever sold
- e) Minus all realized losses from securities ever sold

This amount represents your restricted balance at the beginning of the year. You can reference you last audit report to get a snapshot of what the restricted balance was at that point in time. If necessary, you can carry forward all the above-mentioned adjustments to get a current balance.

- 2) Allocations from lot sales, minimum 10% of gross sales
- 3) Allocations from internments (\$35 per interment)
- 4) Allocations from installment payments (from part 5A) *If your cemetery sells graves on the installment method, 10% of all cash collected must be deposited to the Permanent maintenance fund.*
- 5) Income interest and dividends (earned in the current year)
- 6) Realized capital gains. *(Securities that were sold in the current year at a gain or distributions from mutual funds usually at year end)*
- 7) PM loan repayments. *(If you have an outstanding loan against your Permanent maintenance account, this is where you record the yearly payment).*
- 8) Other additions to PM (These could be Board designation voluntary additions to the PM fund. Additionally, they could be proceeds from the sales of land, or lease payments from a cell tower.
- 9) Subtotal additions

#### **WITHDRAWALS/DEDUCTIONS FROM PM**

- 10) Transfer of income *(Income earned that is transferred to your general account)*

- 11) Realized capital losses (*Securities sold at a loss through the current year*)
  - 12) PM loans withdrawn. (If a loan has been approved by the Cemetery Board and Supreme court, this is where you would record the transaction)
  - 13) Deduction of 2/3 of investment advisory fee PM account. (Bank and brokerage firms charge an investment fee for managing your funds. Of this fee 2/3 can be deducted from your permanent maintenance restricted balance. At no time should this fee be deducted from principal. The later could cause a deficit in your PM fund.)
  - 14) Subtotal Deductions Lines 10 through 13)
  - 15 Balance at end of reporting year.
- Comparing this total with the total at the top of the page, Total of permanent maintenance assets at reporting year end (cost) will let you know if you have a surplus or deficit. The cost basis of assets should be equal to or greater than the restricted balance on line 15.

### **C) Perpetual Care**

The term “perpetual care” has a very specific meaning in New York State. Perpetual care is essentially composed of many small individual endowments purchased by individual lot owners to provide income for the care of their respective plots. As cemeteries grew, the bookkeeping requirements for numerous accounts became cumbersome and the permanent maintenance account was established. Some cemeteries still have perpetual care accounts, and these must be maintained (interest can be expended but not the principal or restricted balance), but no additions are being made. If you are unsure as to what the proper restricted balance of your perpetual care trust is, consult your Division’s accountant (A list of Division accountants and telephone numbers is provided at the end of this manual). The calculation for the perpetual care balance is similar to the Permanent maintenance trust referenced above.

### **D) Special Trust**

Our final category, special trust, are trust that are designated for a specific purpose. For instance, families that have personal mausoleums set up trust for the maintenance of the mausoleum. Also, a family may require that flowers be placed upon the plot of a loved one every year and set up a trust to pay for these flowers. There are a variety of circumstances where individuals set up a special trust, but the rules are essentially the same. Unless otherwise specified in a will or other legal device, the principal must remain inviolate and the income used for whatever purpose the trust designates.

Note: When cemeteries receive a bequest, it is important to retain, at a minimum, the following documents: A copy of the disbursement check, will, and any other correspondence from attorneys related to the transaction. Some bequests are *restricted* for a particular purpose. This purpose will usually be stated in the will. Some bequests are for the general care and maintenance of the cemetery; these are *unrestricted*.

## **II. PRINCIPAL RULES & REGULATIONS**

Note: The numbers i.e. 1507, 1508, refer to sections of the cemetery law manual. A copy can be obtained free of charge from the Department of State’s home page at [www.dos.state.ny.us](http://www.dos.state.ny.us) .

**(§ 200.6 Commercial crime insurance coverage**

(a) Every cemetery corporation shall carry commercial crime insurance or similar insurance coverage for the acts or omissions of cemetery directors, officers, and employees as well as volunteers who handle money, accounts or securities for the cemetery.

(b) The annual financial report filed with the division shall set forth the amount of commercial crime coverage, the classes of persons included, and the name of the carrier/issuer, the policy number, and the expiration date of coverage.

(c) The amount of coverage required is \$15,000 or 10 percent of total financial assets, whichever is greater, up to a maximum of \$500,000. Notwithstanding the foregoing:

(1) the division may, at its discretion, order a cemetery to obtain commercial crime coverage more than \$500,000 if it determines that an increase in coverage is appropriate and that such coverage is readily available in the marketplace. A cemetery subject to such order may file a protest with the Cemetery Board pursuant to section 200.2(b) of this Part.

(2) Upon application as prescribed by the division showing good cause for such relief, a cemetery may request that the division reduce, waive or modify the requirements under this section. Good cause may include proof that the cemetery is unable to obtain commercial crime insurance or similar coverage despite diligent effort, or that the cost of such coverage at the level required by this section is onerous and unreasonable.

**§ 200.11 State cemetery vandalism restoration, monument repair or removal and administration fund**

*Excerpt from Cemetery Law manual:*

(b) Payment of contributions. On or before March 31st of each year, every cemetery or crematory that has performed an interment or cremation during the preceding calendar year shall submit a check drawn to the order of the Department of State in the total amount of monies collected during said period toward payment to the fund. Such check shall be accompanied by a statement signed by a cemetery officer certifying the number of interments or cremations and the amount transmitted. The contribution shall be \$5 per interment or cremation. No contribution shall be collected upon the interment of the remains of a deceased person where a contribution was collected upon cremation.

## **Steps required to report Vandalism**

(c) Initial report of vandalism. Within 30 days of the discovery of a qualifying act of vandalism, the cemetery shall:

(1) report such act to the Division of Cemeteries either verbally or in writing; and

(2) in the event that damage was done to a crypt, niche, grave site, monument or memorial, provide written notice to the lot owner or next of kin, if the identity and whereabouts of such individual is reasonably ascertainable. Such notice shall include a brief description of the damaged property and a request for funds for its repair. The notice shall also advise the lot owner or next of kin to seek insurance benefits that may be available pursuant to a homeowner's insurance policy. A copy of such notice shall be maintained by the cemetery.

(d) Application for payment for repair of vandalism damage.

(1) The completed application shall be submitted within six months of the date of discovery of the act of vandalism.

(2) A cemetery may, for good cause and within the above-described time period, request a definite extension of time to file a vandalism application. Such request shall be in writing and state the reasons therefor, including the date by which it is anticipated that the application will be filed.

(3) The application shall include the following:

(i) a description of the qualifying damage, photographs, and the date that the report of damage was filed with the Division of Cemeteries;

(ii) a copy of such other reports filed in accordance with law;

(iii) a copy of bids submitted by at least two contractors for the cost of repairs; and

(iv) a notarized statement signed by a cemetery officer that the cemetery has no available funds which it is authorized to use for the repair; that it has not been able to obtain sufficient funds from the family of the deceased (include copies of letters or newspaper advertisements); and that the proposed costs of the repairs are fair and reasonable.

(4) Within 90 days of receipt of a complete application, the Cemetery Board shall decide, based upon the following factors:

(i) whether there is qualifying damage;

(ii) severity of the damage;

(iii) whether the vandalism is part of a wave of vandalism;

(iv) emotional distress to visiting families;

(v) appropriateness of prior use of payments from the fund;

(vi) compliance with Not-for-Profit Corporation Law, article 15 and Cemetery Board rules and regulations;

(vii) priority of application based upon previous allocations; and

(viii) availability of monies within the fund.

(e) Use of disbursements for vandalism

#### **1509(b) Service charge approval**

(b) Charges for services. The directors of a cemetery corporation shall fix and make reasonable charges for any acts and services ordered by the owner and rendered by the corporation in connection with the use, care, including perpetual, annual and special care, management and protection of lots, plots and parts thereof. **In determining said charges the directors shall consider the propriety and the fair and reasonable cost and expense of rendering the services or performing the work for which such charges are made**

Applications for service charge increases are to be sent to Albany where you send your yearly annual reports. After review, a letter will be sent to the cemetery regarding the decision of the Division. The application process is somewhat informal. Simply list your current charge alongside your proposed increase with a brief explanation of your justification. If the application uses the ECI rate, a more formal application is required.

#### **ECI Service Charge “Rapid Approval” Application Guidelines**

One of the key elements in the Rapid Approval process is the Employment Cost Index (ECI)

which is a measure of the change in the cost of labor. The ECI service charge review process is codified in Not-for-Profit Corporation Law Section 1509(e)(3)(D). The ECI includes changes in wages and salaries and employer cost for employee benefits. The Cemetery Board considers the ECI to be a more accurate indicator of the cost increases incurred by cemeteries than the Consumer Price Index or other economic indices because cemetery service charges are extremely labor intensive.

The figures for the ECI are published quarterly by the Federal Bureau of Labor Statistics, [www.bls.gov](http://www.bls.gov). These percentages are determined by calculating the ECI for the twelve months ending September 30; the ECI is released at the end of October. BLS's timing of this release allows cemeteries to print and mail their bills in January. The ECI becomes effective January 1 of the following year.

The other key element in the Rapid Approval process is the use of self-certification. N-PCL § 1509(e)(3)(D) does not just require accurate calculation of the proposed service charge using ECI, it also requires that the cemetery be in compliance with various requirements of Article 15. Self-certification puts the burden on the cemetery to accurately report that it is in fact in compliance. Any cemetery that fails to meet any of the compliance requirements may not use the Rapid Approval process.

The following outlines the process by which ECI service charge applications are submitted.

1. As noted above, in late October BLS announces the ECI.
2. The Division will post the ECI on its website and provide the rate to any cemetery requesting it. The Division will not send a mailing to cemeteries advising them of the ECI.
3. After the ECI is published and posted, cemeteries may apply for rate increases based on the ECI. An ECI service charge application must:
  - a. Identify all services for which a charge is imposed.
  - b. Identify all the current approved service charges.
  - c. Identify which charges are proposed to be increased using the ECI.
  - d. Identify the proposed new charges after applying the ECI to said charges. Service charges quoted in even dollar amounts may be rounded to the nearest dollar and service charges quoted in dollars and cents may be rounded to the nearest multiple of 25 cents.
4. An ECI service charge application must NOT:
  - a. Be made within 12 months of the cemetery's most recent application to amend/increase service charges.

- b. Contain any new charges.
  - c. Propose any change in service charge other than by applying the ECI.
5. If a cemetery has not filed for a service charge increase for multiple, consecutive years, it may seek to apply the ECI increase for each of those years. The cemetery submitting such an application must indicate that it is doing so in a cover letter and in the application.
  6. The treasurer or other designated officer or trustee of the cemetery must complete the certification in the form annexed to these guidelines.
  7. If the application complies with the foregoing requirements, is in proper form and is properly executed, it will be approved by the Division without a detailed review of the calculations or of the truth and accuracy of the certification and an acknowledgment letter will be sent. However, such approval does not preclude a subsequent detailed review by the Division. An application subsequently found to be materially false or incorrect will be deemed never to have been approved and the Division may impose penalties pursuant to the Not-for-Profit Corporation Law against the cemetery and against the person completing the certification, in addition to any other remedies permitted by law.
  8. If the application seeks to establish new charges or seeks a non-ECI change in service charges for at least one charge, the Rapid Approval process may not be used and the cemetery need not complete the self-certification. The application will not be approved until reviewed by a Division accountant.
  9. Even though an application is self-certified, the Division will still issue a letter, in the form annexed to this memorandum, indicating that the service charges have been approved. If the Division fails to issue a letter approving the service charges, per statute they nevertheless are deemed approved 60 days after submission.

The ECI percentages for recent years are as follows:

Year	ECI Rate	Year	ECI Rate	Year	ECI Rate	Year	ECI Rate
1991	4.5%	1992	3.9%	1993	4.0%	1994	3.7%
1995	3.4%	1996	3.3%	1997	3.0%	1998	3.7%
1999	3.1%	2000	4.3%	2001	4.1%	2002	3.7%
2003	3.9%	2004	3.8%	2005	3.1%	2006	3.3%
2007	3.3%	2008	2.9%	2010	1.9%	2011	2.0%
2012	2.0%	2013	1.9%	2014	2.2%	2015	2.0%
2016	2.3%	2017	2.5%	2018	2.8%	2019	2.8%

Note: The rules presented above represent a portion of principal regulations that the new treasurer

needs to be aware of. For a more complete list, please consult the Cemetery Law Manual.

### III. GENERAL ADVICE

#### MAINTENANCE COST

Keeping a watchful eye on operating costs is an important component of a treasurer's responsibilities. Many cemeteries are opting to "contract out" maintenance services. When weighing this option try to match the cost of replacing and or maintaining equipment, payroll taxes and insurance cost (along with the requisite bookkeeping responsibilities) against one fixed price to an outside vendor. It is a good idea to get a few quotes and a written contract explaining in detail the deliverables, or what you can expect in the way of services for the contract price. A good time to consider this option is when your equipment is in need of repair or replacement.

*Note: Although you will not be providing workers' compensation insurance to the Independent Contractor, it is good policy to see that they are personally covered for accidents or injury.*

#### PRICING:

**Lot Prices-** Lot prices should be reviewed periodically to determine if a price increase is in order. Cemetery lots represent your inventory. Unlike other inventory items cannot be restocked when you're running low (Unless of course you are able to purchase contiguous cemetery property). Michael Itzo, our former Assistant Director, printed an article on this subject in our first Cemetery Bulletin, July 1998. In this article he gives an example of selling a single lot for \$300. Allocating the minimum 10% to the permanent maintenance trust yields \$30. Using prevailing interest rates of 3% will give you roughly 90 cents to maintain this plot on a yearly basis. At today's labor rates, this income will be inadequate. When considering setting prices for lots, the treasurer should take a long-term perspective. Additionally, if the cemetery can afford to make more than the required 10% allocation to the permanent maintenance trust it should by all means do so.

**Service charges-**Service charges such as burial fees, foundations, perpetual care, or extra charges for weekend interments, need to be properly priced to stabilize a cemetery's finances. When proposing prices, you must first consider what it cost to provide this service. Also, for interment fees, you need to consider the \$5 vandalism fee that is sent to the Division of Cemeteries and the \$35 per burial that must be deposited into the permanent maintenance account. For example:

#### **Interment expenses:**

Grave opening	\$200
Vandalism fee	\$ 5
PM allocation	<u>\$ 35</u>
<b>Total</b>	<b>\$240</b>



In this example you need \$240 just to break even. A good rule of thumb would be to double your grave opening expenses to arrive at a final price. In this example you would charge \$400 for an interment. This is just a ballpark figure and every cemetery must evaluate their own situation to arrive at a final price for its services.

### FUND RAISING:

Many cemeteries disregard what can be an important source of revenues for a non-profit entity. The question is often asked, “Can a cemetery solicit donations from their community?” Not only can you raise money from donations, but for many cemeteries with limited assets, fund-raising should be performed on a regular basis. There are many ways to solicit donations, here are a few ideas:

- Mail letters to the families of lot owners or for that matter, the entire community in which the cemetery is located. A mailing list can be obtained from the local post office or county clerk’s office. Hold a public lunch or dinner with the proceeds going to the cemetery. Many times, in the spirit of community involvement, people will donate food and time to support your cause.

*Ideas for fund-raising are only limited by your imagination.*

Note: Certain types of fund- raising events may require the non-profit to pay taxes. It is a good idea to check with your accountant or financial advisor to determine if your planned event will trigger tax consequences for your cemetery.

### INVESTMENTS

While it is not under the purview of the Division of Cemeteries to give investment advice, a few general guidelines can be offered.

**Be conservative:** To be an effective steward of cemetery funds, let the concept of conservatism be your guide. You are looking for income with a moderate amount of growth. If you invest in securities, let your investment adviser know that the protection of principal is of utmost importance. Keep risk moderate by investing in high quality, well known stocks and bonds.

**Keep an eye on cost:** Unlike financial goals for individuals which may range from one to thirty years, a *cemetery’s investment horizon is forever*. Understanding this concept will alert you to the price you pay for management, transaction and mutual fund load fees, which can only erode future asset balances. Index funds make excellent investment vehicles for cemeteries. They combine diversification across a broad range of securities with extremely low cost.

**Keep it simple:** Many times, trustees will diversify by owning many mutual funds and individual securities. While diversification is a beneficial concept, the trust ends up owning too many funds that “overlap” in the securities they own. For example, many large mutual funds own top Blue-Chip securities like Microsoft, IBM and GE with the resulting effect that you own these securities not only as individual stocks but in the majority of your mutual funds. This only creates additional cost

and provides little or no benefit. As mentioned above, if you purchase Index funds such as the S&P 500 or Wilshire 5000 you literally “own the market” at a very low price. Another benefit is that unlike individual mutual funds, Index funds have very low turnover (buying and selling of securities) and are basically a buy and hold strategy that over time, seems to work best for long-term investment horizons.

### **SUMMARY**

While the business model for a cemetery may seem simple on the surface, there are many hidden complexities that need to be addressed. Those who are entrusted with cemetery funds have a unique and interesting challenge before them. With proper management, and long-term planning, your cemetery will remain an asset to your community for years to come.

**EXAMPLE CEMETERY 1  
ANY COUNTY; #00-000**

YEAR	LOT SALES	P/M ALLOC 10 %	INTERMENT ALLOCATION	OTHER ADDITIONS	P/M BALANCE
12/31/98					\$50,000.00
12/31/99	\$1,500.00	\$150.00	\$0.00	\$0.00	\$50,150.00
12/31/00	\$2,000.00	\$200.00	\$0.00	\$0.00	\$50,350.00
12/31/01	\$1,200.00	\$120.00	\$210.00	\$0.00	\$50,680.00
12/31/02	\$5,500.00	\$550.00	\$280.00	\$0.00	\$51,510.00
<b>TOTAL</b>	<b>\$10,200.00</b>	<b>\$1020.00</b>	<b>\$490.00</b>		<b>A \$51,510.00</b>
				<b>\$0.00</b>	

**ASSETS**

**PERMANENT MAINTENANCE**

Bank of Ambrose	SV # 5465-8909	1%	\$2,600.00
Bank of Ambrose	CD # 5678-09780	2.20% 04/01/05	\$60,000.00
<b>TOTAL</b>			<b>B \$62,600.00</b>

**GENERAL**

Bank of America	CK # 1209-0989		\$2,360.00
Bank of America	SAV # 1209-8990	1%	\$6,200.00
<b>TOTAL</b>			<b>\$8,560.00</b>

**TOTAL ASSETS**

**\$71,160.00**

**PRICES**

\$350/ 1GRAVE  
\$350/ ADULT INTERMENT  
\$150/ CREMATED REMAINS

5 ACRES (3 SOLD)  
# INTERMENTS 2002 - **8**

Subtracting B, PM assets, from A, restricted liability, gives you a surplus of \$11,090.00.

**EXAMPLE CEMETERY 2  
ANY COUNTY; #00-000**

YEAR	LOT SALES	P/M ALLOC. 10%	INTERMENT ALLOCATION	CAPITAL GAINS/LOSSES	P/M BALANCE
12/31/98					\$50,000.00
12/31/99	\$1,500.00	\$150.00	\$0.00	\$0.00	\$50,150.00
12/31/00	\$2,000.00	\$200.00	\$0.00	\$0.00	\$50,350.00
12/31/01	\$1,200.00	\$120.00	\$210.00	\$1,200.00	\$51,880.00
12/31/02	\$5,500.00	\$550.00	\$280.00	-\$625.00	\$52,085.00
<b>TOTAL</b>	<b>\$10,200.00</b>	<b>\$1,020.00</b>	<b>\$490.00</b>	<b>\$575.00</b>	<b>A \$52,085.00</b>

**ASSETS**

**PERMANENT MAINTENANCE**

	Investment Account	Cost	Market
Ambrose Trust Company	#23-009-908	<b>B \$55,100.00</b>	\$48,900.00

**GENERAL**

Bank of America	CK # 1209-0989	\$2,360.00
Bank of America	SAV # 1209-8990	\$6,200.00
<b>TOTAL</b>		<b>\$8,560.00</b>

**PRICES**

\$350/ 1GRAVE  
\$350/ ADULT INTERMENT  
\$150/ CREMATED REMAINS

5 ACRES (3 SOLD)  
# INTERMENTS 2002 - **8**

Subtracting B, total PM assets, from A, restricted liability gives you a surplus of \$3,015.00

## **Division of Cemetery Offices**

NYS Department of State  
Division of Cemeteries  
123 William Street 19<sup>th</sup> fl  
New York, NY 10038-3804  
212-417-5713

NYS Department of State  
Division of Cemeteries  
State Office Building 5<sup>th</sup> fl  
333.E. Washington Street  
Syracuse N.Y. 13202-1428  
315-428-4262

NYS Department of State  
Division of Cemeteries  
99 Washington Ave.  
Albany N.Y. 12231  
518-474-6226

NYS Department of State  
Division of Cemeteries  
State Office Building  
65 Court Street  
Buffalo, NY 13901-4455  
716-847-7119

NYS Department of State  
Division of Cemeteries  
State Office Building 7<sup>th</sup> fl  
207 Genesee Street  
Utica, NY 13501-2812  
315-793-2567

NYS Department of State  
Division of Cemeteries  
44 Hawley Street  
Binghamton, N.Y. 13901  
607-721-8759